

# **Progress Report on the Reimbursement Schedule for Ambulatory Surgical Centers**

(FY2008 Appropriation Bill - Public Act 123 of 2007)

**July 1, 2008**

**Section 248:** The department shall allow ambulatory surgery centers in this state to fully participate in the Medicaid program when hospitals are reimbursed for Medicaid services through the new Michigan Medicaid information system. Ambulatory surgery centers that provide services to Medicaid-eligible patients shall be reimbursed in the same manner as hospitals. The reimbursement schedule for ambulatory surgery centers shall be developed and implemented in consultation with the industry and shall be provided to the senate and house appropriations subcommittees on the department of community health and the senate and house fiscal agencies by July 1, 2008.

*Michigan Department  
of Community Health*



**Jennifer M. Granholm, Governor  
Janet Olszewski, Director**

# **Progress Report on the Reimbursement Schedule for Ambulatory Surgical Centers**

**Due July 1, 2008**

Section 248 of Public Act 123 requires the Department of Community Health (DCH) to develop and implement a reimbursement schedule for ambulatory surgery centers (ASCs) within the Michigan Medicaid program. The purpose of this letter is to inform the Legislature on the status of this effort which is referred to as the ASC Project.

Upon passage of Public Act 123 (the Fiscal Year 2008 Appropriation Act), DCH staff has continued to evaluate a means to include ASCs as a provider within the Michigan Medicaid system. The enrollment of ASCs into the Michigan Medicaid program is not feasible until the new Michigan Medicaid Information System (the Community Health Automated Medicaid Processing System or "CHAMPS") system is fully implemented. To date, the ASC Project Team is preparing and analyzing a strategic means for enrolling ASCs, as well as establishing policy, reimbursement and determining what may be necessary prior to processing claims within the CHAMPS system.

On March 13, DCH hosted an introductory meeting with industry stakeholders to begin a discussion on project objectives, as well as provide an overview of initial findings and determinations. The Department described its intention to follow Medicare policy on ASCs as closely as possible, while allowing for Medicaid specific divergences as necessary. In addition, DCH described that the initial focus of the project was to assess which Michigan facilities meet the qualifications of ASCs based on licensing guidelines. Also noted was the role of data analysis, particularly the challenge of estimating the future volume of claims for Medicaid services provided in ASCs. A discussion regarding the possible migration of services provided in the outpatient hospital setting to ambulatory surgery centers followed.

The implementation of the new CHAMPS system was described as an important prerequisite to the enrollment of ASCs, as well as the need for new software to work in conjunction with the CHAMPS system to successfully process ASC claims. As a result, the Project Team will begin evaluating software options and their compatibility with the CHAMPS program.

Following the introductory meeting, DCH formed a small industry workgroup to assist the DCH project team with project development.

The workgroup includes representatives from ambulatory surgery centers, the Michigan Ambulatory Surgery Association, Medicaid Health Plans, and the Michigan Health and Hospital Association. With the assistance of the industry workgroup, ASC project team members are evaluating Michigan facilities to determine the number of Michigan ambulatory surgery centers eligible for Medicaid enrollment. Most recently a preliminary survey was distributed to ASC facilities to gain an overview of the type of services provided, the volume of patients cared for by payer type, billing format utilized, and the facility's anticipated growth in patient volume upon enrollment into the Medicaid program. Because ambulatory surgery centers are a new provider, there are no historical data upon which to base facility costs. The construction of the survey tool was designed to evaluate the general characteristics of ASC facility charges by the Medicaid program.

Once surveys are analyzed and an estimate of future facility payments to ASCs is determined, DCH will establish a fee schedule for ASCs. Because additional funding was not included in the DCH budget for the enrollment and reimbursement of ASCs as Medicaid providers, the department must work within its current budget to establish a budget-neutral method of reimbursement.

DCH remains committed to the objectives outlined and anticipates further progress in months to come. Should members of the legislature have questions concerning the DCH Ambulatory Surgery Center Project, please contact Meghan Sifuentes of the ASC Project at 517-241-7541 or by e-mail at [sifuentesm@michigan.gov](mailto:sifuentesm@michigan.gov).